

Message Text

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PAGE 01 LONDON 13365 281846Z

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FM AMEMBASSY LONDON

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INFO AMEMBASSY BONN

AMEMBASSY CAIRO

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

C O N F I D E N T I A L LONDON 13365

EXDIS

E.O. 11652: XGDS-1

TAGS: EAID USEGJC UK

SUBJECT: EMERGENCY AID TO EGYPT

REF: A) STATE 198666, B) LONDON 12973

1. WE WERE INVITED TO CALL ON HEAD OF NEAR EAST AND NORTH AFRICAN DEPARTMENT, FOREIGN AND COMMONWEALTH OFFICE (URWICK), AUGUST 28 TO HEAR BRITISH ANSWER TO OUR APPROACH OUTLINED REF B. URWICK SAID THAT BRITISH GOVERNMENT FACED WITH EXTREMELY DIFFICULT DECISION IN THIS CASE. MINISTERS AND OFFICIALS HAD LONG RECOGNIZED THE POLITICAL AND ECONOMIC NECESSITY OF PROVIDING ASSISTANCE TO THE EGYPTIAN ECONOMY AND HAVE CONSIDERED WAYS IN WHICH THE UK MIGHT CONTRIBUTE TO THIS EFFORT AT VARIOUS TIMES IN THE PAST FEW MONTHS. HOWEVER, THE TIGHT BRITISH BUDGETARY SITUATION IS WELL KNOWN AND SUBSTANTIAL AMOUNTS OF ADDITIONAL FUNDS FOR THIS PURPOSE ARE IMPOSSIBLE TO SECURE AT THIS TIME. NEVERTHELESS, HMG IS PREPARED TO PROVIDE, AS A RESULT OF DECISIONS MADE BY MINISTERS SOME TWO MONTHS AGO, AN ADDITIONAL TWO MILLION POUNDS FROM AID FUNDS.

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PAGE 02 LONDON 13365 281846Z

THE BRITISH ARE CURRENTLY THINKING OF PROVIDING ONE

MILLION POUNDS THROUGH THE UNDP FOR SUEZ CANAL RECONSTRUCTION (THIS IS NOT TIED TO BRITISH SOURCES). THEY HAVE NOT YET DECIDED HOW THE REMAINING ONE MILLION POUNDS SHOULD BE MADE AVAILABLE.

2. URWICK SAID THAT THIS DECISION WAS MADE IN THE KNOWLEDGE OF THE CRITICAL SITUATION OF THE EGYPTIAN ECONOMY AND OF U.S. INTEREST IN SECURING WIDE SUPPORT FOR EGYPT BUT BEFORE OUR APPROACH OUTLINED REF B. INDEED, SAID URWICK, BECAUSE THE RESPONSIBLE MINISTERS ARE UNAVAILABLE AT THIS TIME OF YEAR THEY HAVE NOT BEEN GIVEN AN OPPORTUNITY TO RECONSIDER THE SITUATION IN THE LIGHT OF OUR APPROACH.

3. URWICK DESCRIBED THE PRESENT UK AID PROGRAM TO EGYPT AS FOLLOWS. SINCE 1971 A TOTAL OF 15 MILLION POUNDS IN CONCESSIONAL CAPITAL AID HAS BEEN OFFERED. OF THIS 4 MILLION POUNDS HAS BEEN DRAWN, AND 7 MILLION POUNDS COMMITTED TO SPECIFIC PROJECTS. THE TECHNICAL ASSISTANCE PROGRAM IS RISING. IT WAS ABOUT ONE QUARTER MILLION IN 1972 AND IS NOW RUNNING ABOUT ONE MILLION A YEAR.

4. URWICK SAID NO FIRM DECISION HAD BEEN MADE AS TO HOW OR WHEN THE EGYPTIANS WOULD BE TOLD OF THIS ADDITIONAL ASSISTANCE, BUT HE ASSUMED A DECISION WOULD BE MADE SOON AFTER, AND IN THE LIGHT OF, THE EC POLITICAL DIRECTORS MEETING SCHEDULED FOR SEPTEMBER 3 AND 4.

RICHARDSON

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